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OFFICE OF THE  
EXECUTIVE SECRETARY

March 22, 2001

Mr. David Waddell  
Executive Secretary  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee

RE: Tariff to Offer Contract Service Arrangement TN01-9023-01  
TRA No. 01-00230

Dear Mr. Waddell:

This is in response to the TRA Staff's data request, dated March 20, 2001.

As indicated in our response, we believe there are additional items that should be considered in the review of this proposed tariff, and we appreciate the Staff's questions and the opportunity to provide this additional information. We would request that the attached responses be included in the documentation for this tariff filing.

Please contact me or Paul Stinson at 214-3839 if there are any additional questions.

Yours truly,

Attachment

REQUEST: The tariff language contained in this filing states that "additional terms and conditions that are specific to this contract have been filed with the Tennessee Regulatory Authority and will be made available to interested customers." Please identify or provide the documents that describe the additional terms and conditions specific to this contract.

RESPONSE: BellSouth's tariff filing of March 9, 2001 included a letter signed by both the Customer (for the State of Tennessee) and BellSouth, and this letter constitutes the contract between these parties for BellSouth's tariffed WatsSaver® Service. However, there are additional factors with respect to this Customer, that BellSouth believes should be considered.

The Customer in this case is the State of Tennessee, and therefore, the Customer has unique obligations to serve the citizens of Tennessee that other business customers do not have. This Customer has a unique budget process that can affect funding for the Customer's operations. The Customer also has a unique procurement process. Finally, the Customer has advised BellSouth that there are legal and policy restrictions on the terms and conditions that can be included in their vendor contracts.

As indicated in the cost support information filed under proprietary cover with this tariff, BellSouth expects the Customer to generate approximately 2,520,000 minutes of use annually under this contract. This usage figure was derived from an analysis of the Customer's recent bills, and given the unique nature of this Customer and its responsibilities to the citizens of the state, BellSouth has every reason to believe that this figure realistically represents the anticipated usage under this contract. Even in the event of a budget reduction, we would anticipate that the Customer would continue a substantially similar volume of toll calls in its normal course of business, and the Customer could only minimize the cost for those calls under this contract, or a similar competitive contract, as compared to the rates under BellSouth's current tariffs for WatsSaver® Service or other toll service options.

RESPONSE: (continued)

Although we understand that this Customer is prohibited from signing a contract with a minimum usage commitment and a termination liability charge provision, BellSouth is willing to offer this special rate for WatsSaver<sup>®</sup> Service to this particular customer, in recognition of the special constraints under which the Customer operates, and in light of at least one competitive offer from another party for the Customer's traffic. BellSouth would not offer these same terms and conditions to a business customer who does not operate under these same conditions.

BellSouth Telecommunications, Inc.  
Tennessee Regulatory Authority  
Docket 01-00230  
Staff's Data Request  
March 20, 2001  
Item No. 2

REQUEST: Please describe all requirements that a customer must meet in order to purchase Aggregated WatsSaver<sup>®</sup> Service under the rates and terms found in this CSA.

RESPONSE: BellSouth believes that, in light of the unique characteristics of this Customer as described in the response to Item No. 1, the following terms and conditions should apply, in addition to those in the Customer letter filed with this tariff:

1. The Customer is an entity of Tennessee State Government;
2. The Customer has a reasonable probability of generating a minimum of 2,520,000 minutes of use on an annual basis, and
3. The Customer has at least one bona fide offer from competitive service provider, including the same terms and conditions as contained in the Customer letter included with this filing.